

TO: Distribution

DATE: June 6, 1995

FROM: Distribution System Information / Chris Enger

SUBJECT: Nielsen Retail Pricing Update - 5/27/95 (week ending)

SUMMARY

- Marlboro and Lowest Discount average pack prices were unchanged versus week-ago at \$1.93 and \$1.31, respectively.
- Basic's price disadvantage with the Lowest Discount brand remained stable at 75% of C-stores.
- <99¢ activity was stable at 17% of C-stores for the third consecutive week.

Price Increase

- Partial retail pass through of the early May manufacturer list price increase (\$1.50/M) has occurred through this week. In c-stores Marlboro and Lowest Discount pack prices increased +1¢ each versus a pre increase base period (4wks ending 4/29). In supermarkets Marlboro and Lowest Discount carton prices increased +11¢ and +15¢, respectively.

PRICE INCREASE SUMMARY				
As of 5/27/95				
	Pre-Increase Base Period	Full Pass Through*	Post-Increase Actual to date	Difference Actual vs. Full Pass Through
Pack Prices				
Marlboro average price	\$1.92	\$1.96	\$1.93	(\$0.03)
Lowest Discount Average Price	\$1.30	\$1.34	\$1.31	(\$0.03)
% Gap	48%	46%	47%	1%
\$ Gap	\$0.62	\$0.62	\$0.62	\$0.00
99¢ incidence	17%	10%	17%	7%
% Stores above \$2.00 Threshold	33%	43%	33%	-10%
% Volume above \$2.00 Threshold	27%	35%	29%	-6%
Carton Prices (5/20)				
Marlboro average price	\$16.63	\$17.03	\$16.82	(\$0.21)
Lowest Discount Average Price	\$12.18	\$12.58	\$12.39	(\$0.19)
% Gap	37%	35%	36%	1%
\$ Gap	\$4.45	\$4.45	\$4.43	(\$0.02)
* Based on the 3¢ per pack manufacturers list price increase coupled with a 1¢ increase due to trade margins				

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KEY FINDINGS

Basic's Price Disadvantage

- In **C-stores**, incidence of Basic's price disadvantage ($>10\text{¢}$) with the Lowest Discount brand was unchanged at 75% of stores as promotional support on most Discount Brands remained stable.
- Basic's price disadvantage with GPC increased +1 point to 56% of c-stores (partially offsetting the previous week's decline), as GPC money-off promotions increased in stores where both brands were in distribution.
- Basic's price disadvantage with Doral increased +1 point to 38% of c-stores as Doral's money-off support increased +2 points to 43% of stores.

	% STRS > 10¢	CHG VS LAST	4WK VS 4WAGO	AVG PRC DIFF	CHG VS LAST	4WK VS 4WAGO
BASIC vs. LOWEST DISC	75.0%	0.0%	0.4%	\$0.33	\$0.00	\$0.01
BASIC vs. GPC	56.3%	0.9%	-0.4%	\$0.24	\$0.00	\$0.00
BASIC vs. RJR PL	79.8%	0.6%	-0.6%	\$0.37	\$0.01	\$0.03
BASIC vs. DORAL	38.1%	0.6%	1.0%	\$0.24	\$0.00	\$0.00

- In **Supermarkets** (w/e 5/20), incidence of Basic's price disadvantage ($>\$1$) with the Lowest Discount brand declined -2 points to 59% of stores as money-off promotional support on GPC, Montclair and Best Value decreased.
- Basic's price disadvantage with GPC decreased -2 point to 43% of stores as GPC's money-off promotional support declined to 22% of stores.
- Basic's price disadvantage with Doral declined -1 point to 19% of stores as Doral's money-off promotional support declined to 16% of stores.

	% STRS > \$1.00	CHG VS LAST	4WK VS 4WAGO	AVG PRC DIFF	CHG VS LAST	4WK VS 4WAGO
BASIC vs. LOWEST DISC	59.2%	-1.8%	-0.2%	\$2.45	\$0.04	\$0.07
BASIC vs. GPC	42.7%	-1.5%	-0.5%	\$1.98	\$0.01	-\$0.02
BASIC vs. RJR PL	89.6%	4.0%	0.4%	\$2.66	\$0.12	\$0.23
BASIC vs. DORAL	18.9%	-0.8%	1.1%	\$1.98	-\$0.03	-\$0.04

<99¢ Incidence

- $\leq 99\text{¢}$ incidence remained stable at 17% of c-stores for the third consecutive week.
- Regionally, on a four week basis, 99¢ incidence decreased in Regions 2 and 5. Reduced 99¢ incidence in Region 5 was due primarily to a decline in Misty money-off promotional support; Region 2's decline was a result of reduced support on Doral and GPC.

	$\leq 99\text{¢}$	Chg. vs. WAGO	4WK vs. 4 WAGO
NTNL	17.0%	0.6%	0.2%
R1	4.8%	0.9%	1.2%
R2	31.9%	0.2%	-1.4%
R3	15.0%	1.7%	1.0%
R4	20.5%	-0.2%	1.2%
R5	5.4%	0.0%	-1.0%

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Prices and Gaps

- In **C-stores**, Marlboro and Lowest Discount average pack prices were unchanged versus week-ago at \$1.93 and \$1.31, respectively. The resulting price gap remained unchanged at 62¢ or 47.3%.

Regionally, on a four week basis, price gap declines were greatest in Regions 4 and 5. Region 4's decrease was due to reduced money-off promotional support on Misty, Montclair and GPC. In Region 5 Monarch's and Basic's average pack price increases resulted in a -2 point decline in the price gap.

					Chg. vs. WAGO		4WK vs. 4WAGO	
	LOWEST							
	MARL	DISC	\$ GAP	% GAP	\$ GAP	% GAP	\$ GAP	% GAP
NTNL	\$1.93	\$1.31	\$0.62	47.3%	\$0.00	0.0%	\$0.00	0.2%
R1	\$2.10	\$1.47	\$0.63	42.9%	\$0.02	1.4%	\$0.01	0.9%
R2	\$1.78	\$1.16	\$0.62	53.4%	\$0.01	0.8%	\$0.01	0.8%
R3	\$1.91	\$1.28	\$0.63	49.2%	\$0.01	0.8%	\$0.02	1.9%
R4	\$1.90	\$1.32	\$0.58	43.9%	\$0.00	0.0%	-\$0.02	-1.8%
R5	\$2.05	\$1.38	\$0.67	48.6%	-\$0.02	-1.4%	-\$0.02	-1.6%

- In **Supermarkets** (w/e 5/20), both Marlboro and Lowest Discount average carton prices increased (+11¢ and +15¢, respectively), reflecting a partial pass-through of the manufacturers list price increase in early May. The resulting price gap was relatively unchanged at \$4.43 or 35.8%.

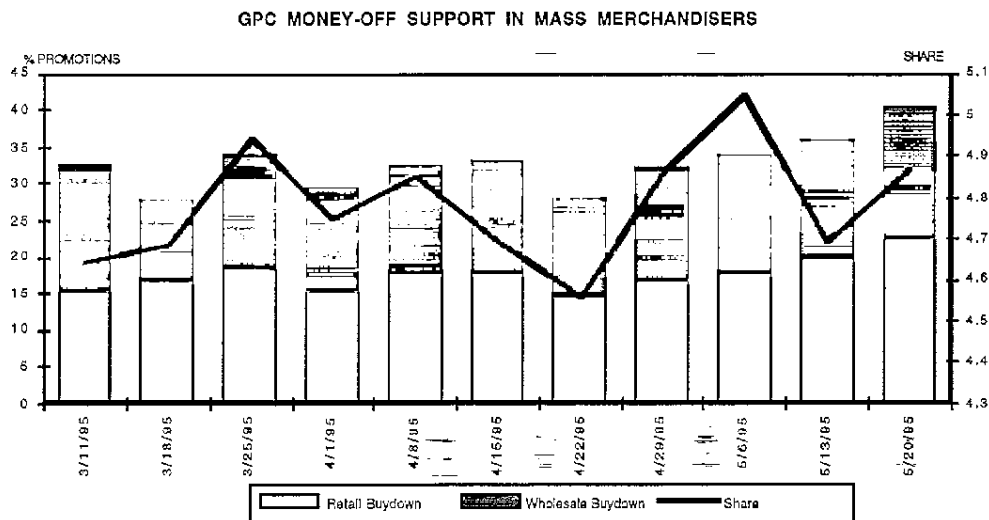
Regionally, on a four week basis, the largest decline in the price gap occurred in Region 5 as higher prices on Montclair, Doral and GPC increased the average Lowest Discount price.

					Chg. vs. WAGO		4WK vs. 4WAGO	
	LOWEST							
	MARL	DISC	\$ GAP	% GAP	\$ GAP	% GAP	\$ GAP	% GAP
NTNL	\$16.82	\$12.39	\$4.43	35.8%	-\$0.04	-0.7%	\$0.03	0.0%
R1	\$18.59	\$14.53	\$4.06	27.9%	-\$0.06	-0.9%	\$0.21	1.6%
R2	\$15.04	\$10.69	\$4.35	40.7%	\$0.06	0.2%	\$0.09	0.6%
R3	\$16.52	\$12.02	\$4.50	37.4%	-\$0.04	-0.7%	\$0.00	-0.3%
R4	\$16.92	\$12.38	\$4.54	36.7%	-\$0.03	-0.6%	\$0.07	0.5%
R5	\$18.16	\$13.68	\$4.48	32.7%	-\$0.22	-2.4%	-\$0.18	-2.2%

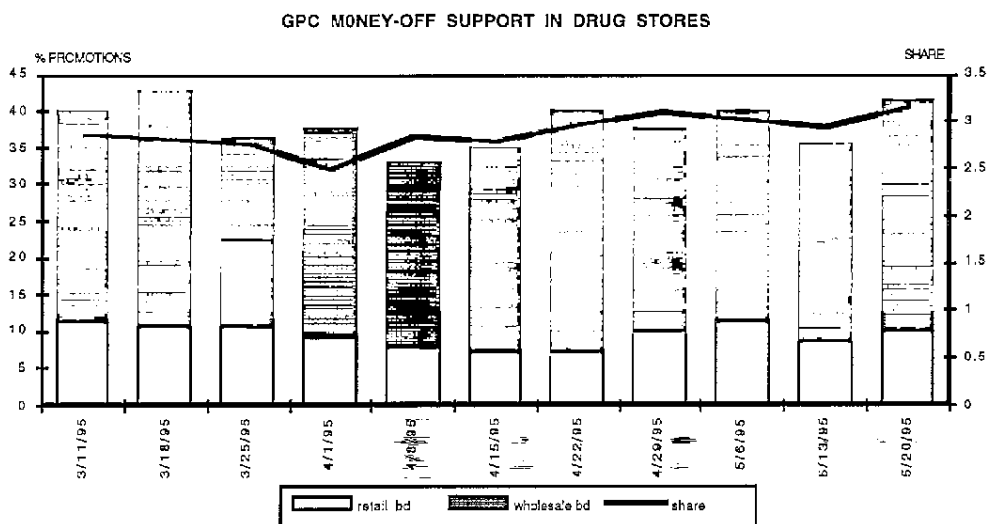
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Emerging Trends

- In Mass Merchandisers, total money-off promotional support on GPC increased +3 points versus week ago and +10 points versus four weeks ago while the average money-off value remained relatively stable at \$1.52 per carton.



- In Drug stores, GPC's money-off promotional support was up +1 point versus week-ago and +2 points four weeks versus four weeks ago. The average money-off value was stable at \$1.56 per carton.



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Distribution:

C. Abbruscato
F. Alfieri
R. Anise
M. Anton
D. Beran
D. Berenson
G. Bible
G. Blumenson
J. Bonhomme
M. Burgess (LB)
D. Burrows
L. Camilleri
W. Campbell
J. Chaump
N. Conrad
G. D'Allesandro
J. deCastro
P. Dodd
J. Dwyer
N. Ellis
G. Fawcett
P. Fernandez
R. Ferrin

S. Fuller
L. Funness
G. Galanti-Bennis
T. Garguilo
E. Gawronski
E. Gee
Y. Girgado
A. Goldfarb
M. Gordon
M. Grande
J. Greene
P. Hahn
H. Halewski
A. Hyland
P. Henriques
D. Himmel
S. Jannetta
C. Johnson
D. Keane
L. Larkins
K. Leger
S. LeVan
L. Lembo

C. Levy
A. Lewis
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L. Lubrano
N. Lund
M. Mahan
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P. Paoli
B. Piccolino
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D. Potter

S. Rafferty
T. Resman
S. Rush
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T. Saloun
M. Salzman
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